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HOUSE COMMITTEE PRINT NO. 4 {

REPORT
TO THE
COMMITTEE ON THE BUDGET
FROM THE
COMMITTEE ON VETERANS' AFFAIRS
SUBMITTED PURSUANT TO SECTION 301 OF THE
CONGRESSIONAL BUDGET ACT OF 1974
ON THE
BUDGET PROPOSED FOR FISCAL YEAR 2011



MARCH 5, 2010.—Printed for the use of the Committee on Veterans'
Affairs of the House of Representatives

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DEMOCRAT LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, March 5, 2010.

Hon. JOHN SPRATT,
Chairman, Committee on the Budget,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to section 301(d) of the Congressional Budget Act of 1974, clause 4(f) of Rule X of the Rules of the House of Representatives, and Rule 7 of the Rules of the Committee on Veterans' Affairs, the Committee on Veterans' Affairs hereby submits its Views and Estimates with regard to programs and matters within the jurisdiction of the Committee to be set forth in the concurrent resolution on the budget for fiscal year 2011. The Minority will be submitting Additional and Dissenting Views under separate cover.

Caring for our veterans is an ongoing cost of war, and a continuing obligation of our national defense. As a Congress, and a Nation, we must fulfill our promises to the men and women who have served. Working together, we can ensure that our veterans are not forgotten, and that we meet our obligations to them as a Nation.

Sincerely,

Bob Filner, *Chairman*; Corrine Brown, Vic Snyder,
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Ann Kirkpatrick, Glenn C. Nye.

Committee on Veterans' Affairs

U.S. House of Representatives

111th Congress

Views and Estimates

FY 2011

March 5, 2010

SECTION 1—DISCRETIONARY ACCOUNTS

DEPARTMENT OF VETERANS AFFAIRS

The Committee¹ recommends \$57.537 billion for the discretionary accounts of the Department of Veterans Affairs (VA) for FY 2011. This recommendation is \$4.5 billion, or 8.5 percent, above the FY 2010 level of \$53.039 billion, and \$571 million above the Administration's FY 2011 request of \$56.966 billion.

This year marks the first budget submission after the enactment of P.L. 111–81, the Veterans Health Care Budget Reform and Transparency Act of 2009, which mandated that the Administration's budget request include amounts for the following fiscal year for VA medical care accounts. The Consolidated Appropriations Act of 2010, P.L. 111–117, enacted on December 16, 2009, for the first time included \$48.2 billion in advance appropriations for VA medical care for FY 2011. For FY 2012, the Administration has requested \$50.6 billion for VA medical care for FY 2012. This amount, along with an estimated \$3.7 billion in collections would provide a total resource level of \$54.3 billion for VA medical care, a \$2.8 billion increase above amounts provided for FY 2011.

For FY 2011, the Administration estimates that it will obtain \$3.4 billion in medical collections, for a total VA medical care resource level of \$51.5 billion. This is \$4.3 billion, or 9.1 percent, above FY 2010 levels. The Committee notes that the VA's current estimate for FY 2010 collections is \$72 million more than the amount assumed in the FY 2010 Consolidated Appropriations Act and is confident that the VA's estimate for FY 2011 can be matched or exceeded.

The *Independent Budget*, co-authored by AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars has recommended a total resource level of \$52 billion for VA medical care. The *Independent Budget* has also

¹ While the Views and Estimates reflect a consensus effort, the Committee wishes to note that not all Members of the Committee necessarily agree with every aspect of the report. Accordingly, the Committee reserves its flexibility to determine program needs and recognizes the potential for funding changes as the Committee and Congress work their will through the legislative process.

requested that this sum be fully appropriated and is silent as to how third-party collections should be utilized in providing resource to the VA. The *Independent Budget* has not made any recommendations regarding FY 2012 medical care funding.

Although the Committee is not recommending medical care funding levels for FY 2012, the Committee believes that the Administration's request is consistent with a current services estimate, and plans to work closely with the Administration and other committees as the appropriations process moves forward to ensure that FY 2012 funding accurately reflects the resource requirements facing the VA on October 1, 2011.

VA Medical Care Accounts (FY 2010–FY 2012)

(\$ in thousands)	FY 2010	President's Request	
		FY 2011 ¹	FY 2012
Medical Services	\$34,707,500	\$37,136,000	\$39,649,985
Medical Support and Compliance	\$4,930,000	\$5,307,000	\$5,535,000
Medical Facilities	\$4,859,000	\$5,740,000	\$5,426,000
Total, Medical Care	\$44,496,500	\$48,183,000	\$50,610,985
<i>Medical Care Collections Fund</i> (non-add) ¹	\$2,954,000	\$3,355,000	\$3,679,000
<i>Total, Medical Care with Collections (non-add)</i>	\$47,450,500	\$51,538,000	\$54,289,985

¹ On December 16, 2009, the Consolidated Appropriations Act of 2010 was signed into law. Division E of this Act included appropriations for the Department of Veterans Affairs (VA). This included VA funding for FY 2010, as well as advance appropriations for the VA medical care accounts in FY 2011. The President's Budget request for FY 2011 reflects the same amounts appropriated for 2011 in the Consolidated Appropriations Act of 2010.

For medical care, the Administration's FY 2011 budget request, submitted on February 1, 2010, requested no additional funding above the amounts provided in the FY 2010 Consolidated Appropriations Act. The Committee recommends an additional \$221 million be added to the Medical Facilities account to support non-recurring maintenance requirements. The Committee also recommends increases for the Medical and Prosthetic Research, General Operating Expenses, Office of Inspector General, Minor Construction, Grants for Construction of State Extended Care Facilities, and Grants for Construction of State Veterans Cemeteries accounts.

The Committee believes that the Administration's request and the additional resources recommended by the Committee will enable the VA to meet the wide-ranging health care needs of our veterans, begin to address the disabilities claims backlog, and improve the administration of non-medical benefits claims such as the Post-9/11 GI bill. While the Committee will tirelessly advocate for the resources to enable the VA to meet its responsibilities to our veterans, the Committee remains cognizant that taxpayer dollars are scarce and that we must ensure that VA spends resources wisely. The Committee is proposing increased funding levels for the Office of Inspector General to assist in these efforts. The Committee has

recommended increases for the VA's construction accounts and remains committed to ensuring that VA infrastructure is sufficient to deliver the highest quality health care to veterans.

Additional Funding Requirements

Should Congress consider additional stimulus, supplemental, or emergency spending, especially as relating to our current economic crisis, the Committee will seek additional funding to address VA's long-standing construction and facilities backlog. These projects, which have been identified, would not only improve health care and access to veterans but bolster employment opportunities throughout the Nation. The Committee could seek an additional \$700 million to fund the following:

Non-Recurring Maintenance (NRM)	\$400 million
Minor Construction	\$200 million
Major Construction	\$100 million
<hr/>	
Total	\$700 million

The VA has a large portfolio of capital assets, which consists of about 5,500 buildings and almost 34,000 acres of land. The VA monitors the condition of these facilities and according to the December 2009 Facility Condition Assessment Status Report, the VA estimates that \$9.4 billion is needed to correct all of the deficiencies and to upgrade the condition of VA facilities. The situation is particularly bleak for the VA research infrastructure because they must compete with the facility upgrade needs of the VA medical center. Currently, the VA is in the process of reviewing the research infrastructure needs and by the end of FY 2009, 53 sites have been surveyed with about 20 sites that are waiting to be assessed in FY 2010. To date, the estimated funding needed to improve the research infrastructure exceeds \$570 million. Of this, about 44 percent or about \$250 million are priority 1 deficiencies where corrections are needed to resume normal operations, halt accelerated deterioration, replace items that are at or beyond their useful lifecycle, and correct life and safety hazards. The Committee recommendation of \$400 million will help the VA focus on the non-recurring maintenance backlog.

In addition to addressing the repairs and maintenance needs of existing capital assets, the VA requires significant investments to fully fund the capital projects that are in development. For example, the FY 2011 budget for VA major construction identifies 21 partially funded projects from prior years. An additional \$4.5 billion is needed to complete these projects, but the FY 2011 budget only requests \$790 million to fund just three of the 21 projects. This means that approximately \$3.7 billion remains to be funded in the out-years. The budget also prioritizes newly scored major construction projects submitted in the FY 2011 planning cycle. There were 61 such projects requiring \$8.4 billion. Of this, the VA only requests partial funding for two newly scored projects amounting to \$73 million. The Committee recommends \$200 million and \$100 million for minor and major construction respectively, so that the VA can fund additional projects. With the additional funding, the VA can improve access to VA health care, including funding additional Community Based Outpatient Centers (CBOCs) so that more veterans can receive medical care closer to their homes.

Veterans Health Administration (VHA)

(\$ in Thousands)

	FY 2010	FY 2011 Administra- tion Request	FY 2011 <i>Independent Budget</i> ¹	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
Medical Services	\$34,707,500	\$37,136,000	\$40,940,954	\$37,136,000	\$0
Medical Support & Compliance	\$4,930,000	\$5,307,000	\$5,314,595	\$5,307,000	\$0
Medical Facilities	\$4,859,000	\$5,740,000	\$5,706,507	\$5,961,000	\$221,000
Total, VA Medical Care	\$44,496,500	\$48,183,000	\$51,962,056	\$48,404,000	\$221,000
MCCF Collections	\$2,954,000	\$3,355,000		\$3,355,000	\$0
Total, VA Medical Care (with Collec- tions)	\$47,450,500	\$51,538,000	\$51,962,056	\$51,759,000	\$221,000
Medical and Prosthetics Research	\$581,000	\$590,000	\$700,000	\$650,000	\$60,000
Total, Veterans Health Ad- ministration	\$48,031,500	\$52,128,000	\$52,662,056	\$52,409,000	\$281,000

¹The *Independent Budget* includes amounts attributable to medical care collections in its base funding level for the Medical Services Account.

VA medical care consists of the Medical Services, Medical Support and Compliance, and Medical Facilities accounts. Funding for the Veterans Health Administration includes the medical care accounts, and the Medical and Prosthetic Research account. Other VA accounts, such as Information Technology Systems and the construction accounts assist the VHA in operating the largest integrated health care system in the Nation.

The Committee recommends \$48.4 billion for VA medical care, which is \$221 million above the Administration's FY 2011 budget request of \$48.2 billion. When medical collections are included, the Committee recommends \$51.8 billion in total available resources for VA medical care. This level is \$200 million lower than the amount recommended by the *Independent Budget*.

For VA Medical and Prosthetic Research, the Committee recommends an appropriated level of \$650 million, \$69 million above FY 2010 and \$60 million above the Administration's request of \$590 million.

Medical Services

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 <i>Independent Budget</i> ¹	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$34,707,500	\$37,136,000	\$40,940,954	\$37,136,000	\$0

¹The *Independent Budget* includes amounts attributable to medical care collections in its base funding level for the Medical Services Account.

Description²

This account provides for medical services of eligible veterans and beneficiaries in VA medical centers, outpatient clinic facilities, contract hospitals, State homes, and outpatient programs on a fee basis. Hospital and outpatient care is also provided by the private sector for certain dependents and survivors of veterans under the civilian health and medical programs for the VA.

Recommendation

For FY 2011, the Administration requests \$37.1 billion for the Medical Services account, an increase of \$2.4 billion or 7 percent above the FY 2010 level.

The Committee supports the funding level requested by the Administration. This funding has been provided in the FY 2010 Consolidated Appropriations Act. The Committee is confident that this level will provide sufficient resources to enable the VA to provide high quality health care to veterans and to address many of the priorities shared by the Committee and the Administration. Some of these priorities include:

Mental Health—The Administration's budget request will enable the VA to expand key programs for post-traumatic stress disorder (PTSD) and traumatic brain injury (TBI), as well as the diagnosis and treatment of depression, substance abuse and other mental health problems. The Committee acknowledges the VA's robust investments in mental health; however, addressing mental health issues continues to be a challenge. This is evidenced by the rising rates of suicide, incarceration, and homelessness among our veterans. The Committee believes that the VA must not only expand existing efforts but also must explore new evidence-based initiatives with a proven track record for yielding positive program results.

Homeless Veterans—It is estimated that about one-third of the adult homeless population served the country in the Armed Services. The current population estimates suggest that over 130,000 veterans are homeless on any given night and twice as many experience homelessness at some point during the course of the year. Homelessness is also a growing problem for our veterans returning from Iraq and Afghanistan, especially as they face higher rates of PTSD and TBI.

The Committee applauds the VA's commitment to ending homelessness among our veterans. In addition to the various homeless proposals in the FY 2011 budget, the Committee encourages the VA to continue to increase resources dedicated to homeless prevention. While it is important to offer transitional housing and supportive services through such existing programs, it is equally important to make proper investments in preventing homelessness. The Committee recommends that initiatives to end homelessness not be targeted solely to the VHA, but also

² Account descriptions are adapted from H. Rept. 111-188, to accompany H.R. 3082, the Military Construction, Veterans Affairs, and Related Agencies Appropriations Bill, 2010.

include the Veterans Benefits Administration (VBA) in coordinating the range of benefits available through the VA. This may include opportunities to obtain education and counseling along with other key benefits which may aid in preventing homelessness among our veterans.

Women Veterans—Today, there are approximately 1.7 million women veterans, or 7 percent of the nearly 25 million veterans. Assuming current enrollment rates, the number of female veterans who utilize the VA system will double in the next 5 years, making female veterans one of the fastest growing subgroups of veterans.

The Committee recognizes the VA's efforts to improve health care for women veterans, which includes proposals to institute a new peer call center and a social networking site. In addition to these efforts, the Committee encourages the VA to identify and study the unique challenges and barriers that women veterans face when seeking health care through the VA. This would assist the VA in taking the necessary steps to improve health care for women veterans. The Committee notes that H.R. 1211, the Women Veterans Health Care Improvement Act, passed the House of Representatives last year.

Among the provisions in the bill, the VA would be required to conduct a barriers study, offer child care, and provide time-limited medical care for newborn children of women veterans receiving maternity care.

The Committee encourages the VA to explore new innovative ways of expanding access and improving the quality of medical care provided to women veterans. The Committee also urges the VA to develop and follow a long-term plan for ensuring that women veterans receive health care that is equal to what male veterans receive through the VA as the VA looks toward the future of providing quality health care to all of our veterans.

Rural Veterans—Of the almost 8 million veterans who are enrolled in the VA health care system, about 3 million, or almost 40 percent, live in rural areas. The Committee concurs with the VA's proposed investments in rural outreach, which include expanded use of home-based primary care and mental health care along with technology-based solutions, including the VA's telehealth and telemedicine efforts. Additionally, the Committee believes that the VA must work to strengthen the role and influence of the Office of Rural Health so that it can work to coordinate and improve health care for enrolled rural veterans and disseminate best practices.

OEF/OIF (Operation Enduring Freedom/Operation Iraqi Freedom) Veterans—In order to improve the VA's budget estimation capabilities and better forecast workload and demand, the Committee urges the VA to work with the Department of Defense to facilitate timely information exchange on the number of returning OEF/OIF servicemembers. Working more closely with the Department of Defense is even more crucial as additional troops

are sent overseas and the VA works to update budget projection models to properly reflect current force levels.

The Committee recognizes the challenges of projecting medical care costs for OEF/OIF veterans given the range and types of health care services sought by our newest veterans. Some OEF/OIF veterans may only use VA occasionally for pharmacy benefits while others use VA extensively for treatment of catastrophic war injuries. VA's capability to accurately predict health care costs and demand for our newest veterans has a direct impact upon the VA's ability to provide health care to all of our veterans and the Committee encourages the VA to work towards more accurate per unit medical care cost projections for OEF/OIF veterans by refining their projection models.

Priority Group 8 Veterans—The VA expects to enroll more than 500,000 previously ineligible veterans into Priority Group 8 by FY 2013. Recent estimates also show that the VA will enroll about 193,000 veterans by the end of FY 2010. The Committee encourages the VA to improve outreach plans and work with veterans' groups as the VA works to undue the ban enrollment ban put in place in 2003.

Caregivers—Because the VA does not collect data on this population, the number of family members and friends who provide care for veterans is unknown. However, a July 2007 report released by the President's Commission on Care for America's Returning Wounded Warriors (the Dole-Shalala Commission) found that of the 1,730 injured OEF/OIF veterans surveyed, about 21 percent of active duty, 15 percent of the reserve, and 24 percent of retired or separated servicemembers had friends or family who gave up a job to be the caregiver. As caregivers continue to play an important role as caretakers of veterans, the VA lags in offering supportive services for these caregivers.

The Committee commends the VA for recognizing the plight of caregivers by submitting several legislative proposals to help caregivers in the FY 2011 budget. These include providing health care, education, and training for caregivers, as well as paying for the travel expenses that caregivers may incur when accompanying the veteran to his or her medical appointments. However, these proposals lack key details about the target population of individuals who will receive these supportive services. We encourage the VA to work with the Committee to further define this target population and identify the range of supportive services that the Department proposes to offer.

Medical Support Compliance

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 <i>Independent Budget</i>	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$4,930,000	\$5,307,000	\$5,314,595	\$5,307,000	\$0

Description

The Medical Support and Compliance appropriation funds the expenses of management and administration of the VA health care system to include financial management, public health and environmental hazard, quality and performance management, medical inspection, human research oversight, training programs and continuing education, security, volunteer operations, and human resources.

Recommendation

For FY 2011, the Administration requests \$5.3 billion for the Medical Support and Compliance account, an increase of \$377 million, or 7.6 percent above the amounts provided in FY 2010.

The Committee supports the funding level requested by the Administration. This funding has been provided in the FY 2010 Consolidated Appropriations Act.

Medical Facilities

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 <i>Independent Budget</i>	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$4,859,000	\$5,740,000	\$5,706,507	\$5,961,000	\$221,000

Description

The Medical Facilities appropriation provides funds for the operation and maintenance of the VA health care system's capital infrastructure. Included under this heading are provisions for costs associated with utilities, engineering, capital planning, leases, laundry, groundskeeping, garbage, housekeeping, facility repair, and property disposition and acquisition.

Recommendation

For FY 2011, the Administration requests \$5.7 billion for the Medical Facilities account, an increase of \$881 million or 18 percent above the FY 2010 level. Of the FY 2011 request, the Administration expects to obligate \$1.1 billion for non-recurring maintenance, which is a decrease of \$221 million from the updated obligations estimate for FY 2010.

The Committee recommends \$6 billion for this account, which is \$221 million above the Administration's request and \$1.1 billion

above the FY 2010 level. The Committee recommendation would restore non-recurring maintenance funding to the FY 2010 level.

Non-Recurring Maintenance—In FY 2010, the Administration estimated that they would obligate \$972 million for non-recurring maintenance, but later revised this estimate to \$1.3 billion. The Committee recommendation would restore the proposed funding cut to non-recurring maintenance and provides additional resources to address the non-recurring maintenance backlog. Additionally, the Committee applauds the VA's commitment to allocate at least 5 percent of the total Medical Facilities appropriations for non-recurring maintenance and minor construction projects of research facilities. The Committee supports the VA's efforts to ensure that sufficient resources are dedicated to combat the deterioration of the existing VA research infrastructure so that the VA may continue to promote excellence in research in state of the art facilities.

Medical and Prosthetic Research

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 Independent Budget	FY 2011 Committee Recommendation	Recommendation vs. Request
\$581,000	\$590,000	\$700,000	\$650,000	\$60,000

Description

This account includes medical, rehabilitative, and health services research. Medical research is an important aspect of the VA's programs, providing complete medical and hospital services for veterans. The prosthetic research program is also essential in the development and testing of prosthetic, orthopedic, and sensory aids for the purpose of improving the care and rehabilitation of eligible disabled veterans, including amputees, paraplegics, and the blind. The health services research program provides unique opportunities to improve the effectiveness and efficiency of the health care delivery system. In addition, budgetary resources from a number of areas including appropriations from the medical care accounts, reimbursements from the Department of Defense (DOD), grants from the National Institutes of Health (NIH), private proprietary sources, and voluntary organizations provide support for the VA's researchers.

Recommendation

For FY 2011, the Administration requests \$590 million for Medical and Prosthetic Research, which is \$9 million or 1.5 percent above the FY 2010 level. VA also estimates additional program resources of \$1.3 billion from private and Federal grants, grants from the NIH, DOD, and Centers for Disease Control. The Committee notes that these estimates of additional program resources are never fully actualized by the VA, and has traditionally rec-

ommended increased appropriated funding levels to ensure that VA research receives the funding it needs to continue its world-class research efforts.

The Committee recommends \$650 million for Medical and Prosthetic Research, an amount \$60 million above the Administration's request and \$69 million above the FY 2010 level.

The Bureau of Economic Analysis in the U.S. Department of Commerce estimates a 3.2 percent increase in the Biomedical Research and Development Price Index in FY 2011. This translates to \$19 million, which is needed to maintain the research efforts at the FY 2010 level. The Committee recommended funding for Medical and Prosthetic Research provides \$10 million in addition to the \$9 million already included in the Administration's request. The Committee recommendation would also provide an additional \$50 million to increase funding for VA research grants.

General Operating Expenses

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 <i>Independent Budget</i>	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$2,086,707	\$2,611,973	\$2,339,364	\$2,629,973	\$18,000

Description

The General Operating Expenses appropriation provides for the administration of non-medical veterans' benefits through the VBA and departmental management and support.

With the funding provided in this account, VBA administers the following programs:

- *Compensation and Pension Service*—VA provides service-connected compensation to veterans with disabilities incurred or aggravated during military service, dependency and indemnity compensation (DIC) to surviving spouses, children and low-income dependent parents of veterans, pension benefits to elderly and disabled low-income wartime veterans, death pension to the surviving spouses and children of wartime veterans and benefits to certain children of veterans who were disabled by spina bifida or other congenital conditions related to their parent's military service.
- *Education Service*—provides education assistance to servicemembers, veterans, and certain eligible survivors and dependents in exchange for military service. VA education assistance, including the Post-9/11 GI Bill and the Montgomery GI Bill, is used by the Armed Forces as a recruiting and retention tool, as well as a readjustment benefit for servicemembers seeking to achieve educational and vocational goals in the civilian workforce.
- *Housing (Loan Guaranty Service)*—VA assists veterans and servicemembers to purchase and retain homes in recognition of their service to the Nation. VA's partial guarantee on loans made by private lenders enables veterans and servicemembers

to purchase homes with little or no down payment, thereby making home ownership affordable to many veterans.

- *Vocational Rehabilitation and Employment (VR&E)*—VR&E provides employment services and assistance to enable veterans with service-connected disabilities to obtain suitable employment and, to the maximum extent possible, achieve independence in daily living.
- *Insurance*—The Insurance Program provides servicemembers and their families with universally available life insurance, as well as traumatic injury protection insurance. It also provides for the conversion to a renewable term insurance policy after a servicemember's separation from service and provides life insurance to veterans who have lost the ability to purchase commercial insurance at standard (healthy) rates due to lost or impaired insurability resulting from military service.

This account also supports all of the staff offices with General Administration, including the Office of the Secretary, the Board of Veterans' Appeals, General Counsel, Office of Management, Office of Human Resources and Administration, Office of Policy and Planning, Office of Operations, Security and Preparedness, Office of Public and Intergovernmental Affairs, Office of Congressional and Legislative Affairs, and the Office of Acquisition, Logistics and Construction.

Recommendation

For FY 2011, the Administration requests \$2.612 billion for the General Operating Expenses (GOE) account, which is an increase of \$525 million above the \$2.087 billion provided in FY 2010. This request includes \$2.1 billion for VBA, \$463 million for General Administration, and \$24 million for the Administration's Acquisition Improvement Initiative.

The Committee recommends \$2.630 billion, an increase of \$18 million above the Administration's request and \$543 million above the FY 2010 level. The Committee recommendation includes \$15 million for 150 additional vocational rehabilitation and employment counselors and \$3 million in additional funding for the Education division in order to assist with additional expenses, including any additional information technology expenses that are not covered within the Information Technology Systems account.

The Secretary, in his testimony before the Committee on February 4, 2010, stated, in regards to the VA's GOE request, that the:

[L]argest increase in our 2011 budget request, in percentage terms, is directed to the Veterans Benefits Administration as part of our mitigation of the increased workload. The President's 2011 budget request for VBA is \$2.149 billion, an increase of \$460 million, or 27 percent, over the 2010 enacted level of \$1.689 billion. The 2011 budget supports an increase of 4,048 FTEs, including maintaining temporary FTE funded through American Recovery and Reinvestment Act of 2009, P.L. 111-5. In addition, the budget also includes \$145.3 million in information technology (IT) funds in 2011 to support the ongoing development of a paperless claims processing system.

The Committee supports this FTE increase, especially those FTE involved in processing applications for Post-9/11 GI Bill benefits and those associated with the claims process.

One of the biggest challenges facing the Administration is the veterans' compensation and pension claims backlog and the increasing delays veterans and survivors face in receiving their benefits. The Committee has taken steps to address this chronic problem, including supporting additional resources to hire more claims processors and beginning systemic reforms, most notably in title II of P.L. 110–389, the Veterans Benefits Improvement Act of 2008. The next step in the process is to explore more comprehensive reform, a reform effort led by VA, and informed by Congress, veterans and other stakeholders. In order for VA to reach its stated paperless claims processing system goal by 2012, this reform must utilize 21st Century technology, including electronic rules-based processing. Additionally, for achieving its business transformation effort within the VBA, which VA is coupling with the above-stated IT effort, VA should develop further its strategic plan with realistic and well-informed metrics and milestones, focus on the quality versus the quantity of its work product and ensure enhanced training of VBA's claims processing personnel.

Information Technology Systems

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 <i>Independent Budget</i>	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$3,307,000	\$3,307,000	\$3,552,884	\$3,307,000	\$0

Description

The Information Technology Systems account was established in P.L. 109–114. The account previously encompassed the entire non-pay information technology portfolio for the VA, including all automation efforts in all administrations. Starting in FY 2007, and reflected for the first time in the budget request for FY 2008, this account also includes pay and associated costs for information technology staff.

Recommendation

For FY 2011, the Administration requests \$3.307 billion for the Information Technology (IT) Systems account, which is the same as the amounts provided in FY 2010. This includes \$1.3 billion in Medical IT investments; \$380 million for Benefits and Memorials IT investments; \$527 million in Corporate IT investments for the VA's Corporate 21st Century Core initiative; and \$158 million in Inter-agency IT investments, which includes funds for the Virtual Lifetime Electronic Record (VLER) and the Bi-directional Health Information Exchange (BHIE).

The Committee recommends the amount requested by the Administration as the VA plots a path forward in ensuring that the VA's IT efforts support the missions of the VA. We intend to closely

monitor funding committed to support the VA's electronic medical records and IT efforts in the benefits and claims processing areas.

National Cemetery Administration

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 Independent Budget	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$250,000	\$250,504	\$274,500	\$250,504	\$0

Description

The National Cemetery Administration was established in accordance with P.L. 93-43, the National Cemeteries Act of 1973. It has a fourfold mission: to provide for the interment of, in any national cemetery with available grave space, the remains of eligible deceased servicemembers and discharged veterans, together with their spouses and certain dependents, and to permanently maintain their graves; to provide headstones for, and to mark graves of eligible persons in national, State, and private cemeteries; to administer the grant program for aid to States in establishing, expanding, or improving State veterans' cemeteries; and to administer the Presidential Memorial Certificate Program. This appropriation will provide for the operation and maintenance of 164 cemeterial installations in 39 States, the District of Columbia, and Puerto Rico.

Recommendation

For FY 2011, the Administration requests \$250.5 million for the National Cemetery Administration, which is \$504,000 or 0.2 percent above the FY 2010 level. With the requested funding, the VA will determine where new national veterans cemeteries should be built based on a new population threshold of 80,000 veterans (170,000 veterans under current policy) living within 75 miles of a potential cemetery site. This reflects a significant decrease in the population threshold, which means that more veterans will have access to a veterans' cemetery burial option within 75 miles of their residence.

The Committee supports the Administration's requested funding level.

Office of Inspector General

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 Independent Budget	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$109,000	\$109,367	\$112,020	\$121,367	+\$12,000

Description

The Office of Inspector General was established by the Inspector General Act of 1978 and is responsible for the audit, investigation, and inspection of all VA programs and operations. The overall operational objective is to focus available resources on areas which would help improve services to veterans and their beneficiaries, assist managers of VA programs to operate economically in accomplishing program goals, and to prevent and deter recurring and potential fraud, waste, and inefficiencies.

Recommendation

In FY 2011, the Administration requests \$109.4 million for the Office of Inspector General (IG), which is an increase of \$367,000 or 0.3 percent above the FY 2010 level. With this funding request, the Office of Inspector General will be able to maintain 576 FTEs, the same staffing total funded with the amounts provided in FY 2010.

The Committee recommends an additional \$12 million for this account to better match the resource requirements of the IG for FY 2011.

At the Subcommittee on Oversight and Investigations budget hearing on the Office of Inspector General and Information Technology accounts, the Deputy Inspector General testified that a stagnant budget could limit the IG's ability to take on new oversight initiatives. The limited resources also would result in the IG conducting reactive investigations and would reduce their ability to conduct proactive investigations.

Construction, Major Projects

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 Independent Budget	FY 2011 Committee Recommendation	Recommendation vs. Request
\$1,194,000	\$1,151,036	\$1,295,000	\$1,151,036	\$0

Description

The Construction, Major Projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, architectural and engineering services, assessments, and site acquisition where the estimated cost of a project is \$10,000,000 or more.

Recommendation

For FY 2011, the Administration requests \$1.2 billion, a decrease of \$43 million, or 3.6 percent below the FY 2010 level. The Administration's request includes \$1 billion for VHA-related construction and \$107 million for NCA-related construction.

The VHA-related construction request totaling \$1.2 billion includes the following:

Location	Description	Total Estimated Cost	Funding Through 2010	2011 Request
New Orleans, LA	New Medical Facility	\$995,000,000	\$625,000,000	\$310,000,000
Denver, CO	New Medical Facility	\$800,000,000	\$307,300,000	\$450,700,000
Palo Alto, CA	Polytrauma/Ambulatory Care	\$642,900,000	\$164,877,000	\$30,000,000
Alameda Point, CA	Outpatient Clinic and Columbarium (Design)	\$208,600,000	\$0	\$17,332,000
Omaha, NE	Replacement Facility (Design)	\$560,000,000	\$0	\$56,000,000
Advance Planning Fund	Various Stations			\$89,750,000
Facility Security Projects	Various Stations			\$41,390,000
Judgment Fund	Various Stations			\$6,000,000
BRAC Land Acquisition	Various Stations			\$13,000,000
Resident Engineers for Major Construction	Various Stations			\$23,964,000

The NCA-related construction request totaling \$107 million includes the following:

Location	Description	Total Estimated Cost	Funding Through 2010	2011 Request
Indianatown Gap, PA	Gravesite Expansion & Cemetery Improvements-Phase 4	\$23,500,000	\$0	\$23,500,000
Los Angeles, CA	Columbarium Expansion	\$27,600,000	\$0	\$27,600,000
Tahoma, WA	Gravesite Expansion & Cemetery Improvements-Phase 2	\$25,800,000	\$0	\$25,800,000
Advance Planning Fund	Various Stations			\$20,000,000
NCA Land Acquisition Fund	Various Stations			\$10,000,000

The Committee supports the Administration's requested funding level of \$1.2 billion. As stated previously, the Committee plans on working to include additional construction resources when any opportunities present themselves.

Construction, Minor Projects

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 Independent Budget	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$703,000	\$467,700	\$785,000	\$632,700	+\$165,000

Description

The Construction, Minor Projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the VA, including planning, assessment of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than \$10,000,000.

Recommendation

For FY 2011, the Administration requests \$467.7 million, a decrease of \$235 million, or 33.5 percent below the level provided in FY 2010. This request includes \$387 million for VHA, \$43 million for NCA, \$15 million for VBA, and \$23 million for General Administration staff offices.

The Committee recommends \$632.7 million, an increase of \$165 million above the Administration's request. The Committee's recommendation will bring the FY 2011 levels closer to the FY 2010 funding level for this account which provides funding for construction projects where the estimated cost is under \$10 million. The VA faces a huge backlog in these projects and additional resources will help address this backlog while supporting VA facilities across the Nation.

Grants for Construction of State Extended Care Facilities

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 Independent Budget	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$100,000	\$85,000	\$275,000	\$175,000	+\$90,000

Description

This program provides grants to assist States to construct State home facilities, for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home or hospital care to veterans in State homes. A grant may not exceed 65 percent of the total cost of the project.

Recommendation

For FY 2011, the Administration requests \$85 million, a decrease of \$15 million, or 15 percent below the level provided in FY 2010.

The Committee recommends \$175 million, an increase of \$90 million above the Administration's request and \$75 million above the FY 2010 level.

According to the 2000 Census, there were 9.7 million veterans age 65 and older in the U.S and Puerto Rico. The number of men age 85 and older who are veterans has increased drastically from 150,000 in the 1990 Census to 400,000 in the 2000 Census, and is expected to increase drastically to 1.2 million by the 2010 Census. With this significant growth in the aging veteran population, the Committee recognizes the important role that state homes play in the VA's long-term care strategy. As such, the Committee believes that the VA must begin to address the state home backlog. With the Committee's recommended funding increase, the VA can begin to reduce the backlog of Priority Group 1 state home projects, which are those projects that have state funding to begin construction but are waiting for funding from the VA. According to the VA's "FY 2010 Priority List of Pending State Home Construction Grant Applications," there are 53 Priority Group 1 projects with an estimated \$405 million in VA grant costs.

Grants for Construction of State Veterans Cemeteries

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 Independent Budget	FY 2011 Committee Recommendation	Recommendation vs. Request
\$46,000	\$46,000	\$51,000	\$51,000	+\$5,000

Description

This program provides grants to assist States with the establishment, expansion, and improvement of State veterans' cemeteries which are operated and permanently maintained by the States. Grants under this program fund up to 100 percent of construction costs and the initial equipment expenses when the cemetery is established. The States remain responsible for providing the land and for paying all costs related to the operation and maintenance of the State cemeteries, including the costs for subsequent equipment purchases.

Recommendation

For FY 2011, the Administration requests \$46 million, which is the same as the FY 2010 enacted level.

The Committee recommends a funding level of \$51 million, an increase of \$5 million above the Administration's request and \$5 million above the FY 2010 level. The Committee recommendation would provide additional resources to match what the VA expects to obligate for these grants in FY 2010.

DEPARTMENT OF LABOR**Veterans Employment and Training Service (VETS)**

The Assistant Secretary for VETS serves as the principal advisor to the Secretary of Labor on all policies and procedures affecting veterans' employment matters. VETS furnishes employment and training services to servicemembers and veterans through a variety of programs, including providing grants to States, public entities and non-profit organizations, including faith-based organizations, to assist veterans seeking employment. VETS also investigates complaints filed under veterans' preference and re-employment laws. Specifically, VETS administers the following programs: DVOP/LVER state grant program; Transition Assistance Program; Veterans' Preference and Uniformed Services Employment and Re-employment Rights Act (USERRA); Homeless Veterans' Reintegration Program (HVRP); Veterans Workforce Investment Program (VWIP); Federal Contractor Program; and, the National Veterans' Training Institute (NVTI). The Administration requested a total of \$262.5 million in FY 2011 to support the staffing and grant-making ability of VETS. This is a \$6.4 million increase over amounts provided in FY 2010. The Committee recommends an increase of \$66 million for VETS, for a total funding level of \$328.5 million. This recommended level would provide an additional \$31 million for State Grants in order for States to hire more DVOP and LVER staff to better manage the One-Stop Career Centers, military facilities, VR&E offices, and HVRP to provide better priority services to veterans. Committee recommends an additional \$2 million to HVRP. Although accurate numbers are impossible to come by—no one keeps national records on homeless veterans—current estimates suggest that as many as 130,000 veterans are homeless on any given night and twice as many experience homelessness at some point during the course of the year. According to the National Survey of Homeless Assistance Providers and Clients (U.S. Inter-agency Council on Homelessness and the Urban Institute, 1999), veterans account for 23 percent of all homeless people in America. The Committee also recommends increasing the funding level for VWIP to \$30 million. Not all States participate in VWIP grants. This is due not to a lack of eligible participants, but to a lack of resources. Providing an additional \$30 million will provide assistance to more participants and would further enable the Administration to provide more green energy-related jobs for veterans and afford veterans with more marketable skills in a tough economy. The Committee also recommends an additional \$3 million in funding for the NVTI. These additional resources will better assist NVTI in providing the training necessary to be a successful DVOP/LVER and provide sufficient resources to meet any expansion of the training requirement.

OTHER AGENCIES

American Battle Monuments Commission

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 <i>Independent Budget</i>	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$62,675	\$64,200	N/A	\$64,200	\$0

Description

The American Battle Monuments Commission is responsible for the administration, operation and maintenance of cemetery and war memorials to commemorate the achievements and sacrifices of the American Armed Forces where they have served since April 6, 1917. In performing these functions, the Commission maintains 24 permanent American military cemetery memorials and 31 monuments, memorials, markers, and offices in 15 foreign countries, the Commonwealth of the Northern Mariana Islands, and the British dependency of Gibraltar. In addition, six memorials are located in the United States: the East Coast Memorial in New York; the West Coast Memorial, The Presidio in San Francisco; the Honolulu Memorial in the National Memorial Cemetery of the Pacific in Honolulu, Hawaii; and the American Expeditionary Forces Memorial, the World War II, and Korean War Veterans Memorials in Washington, DC.

Recommendation

For FY 2011, the Administration is requesting a total of \$84.8 million for the ABMC consisting of \$64.2 million for salaries and expenses and \$20.2 million for costs associated with foreign currency fluctuations. The Committee recommends that the requested level be provided in FY 2011.

U.S. Court of Appeals for Veterans Claims

(\$ in Thousands)

FY 2010	FY 2011 Administration Request	FY 2011 <i>Independent Budget</i>	FY 2011 Committee Recom- mendation	Recommen- dation vs. Request
\$27,115	\$90,147	N/A	\$90,147	\$0

Description

The Veterans' Judicial Review Act established the U.S. Court of Appeals for Veterans Claims. The Court reviews appeals from claimants seeking review of a benefit denial. The Court has the authority to overturn findings of fact, regulations, and interpretations of law.

Pro bono program.—The Legal Services Corporation administers a grant program to provide pro bono representation and legal as-

sistance to claimants who file appeals with the Court. The Congress funds the grant program through the Court's appropriation. To maintain impartiality, the Court does not administer the program or comment on the program's budget estimate.

Recommendation

The Administration has requested a total appropriation for the Court of \$90.1 million. This includes \$62 million for the construction of a new courthouse that would be transferred to the General Services Administration. The Court's budget submission also includes \$2.5 million for the Pro Bono Representation Program administered by the Legal Services Corporation. The Committee recommends the requested level of \$90.1 million be provided in FY 2011.

SECTION 2—MANDATORY ACCOUNTS

The Committee will look to improve veterans' benefits as well as address improvements to VA educational assistance programs. The Committee will also be facing a number of expiring authorities over the next few years which will need to be continued in order for veterans not to see a diminution in benefits. These efforts will require appropriate offsets or a commitment by Congress to improve these earned benefits.

Congress may also need to provide the Committee with some flexibility in mandatory spending as the Committee begins to take steps to improve the claims processing system and looks to bring the veterans benefits system into alignment with the current needs of veterans in a new century.

SECTION 3—OTHER MATTERS

Section 425 of S. Con. Res. 13, the FY 2010 Budget Resolution, states that:

[A]ll committees are directed to conduct rigorous oversight hearings to root out waste, fraud, and abuse in all aspects of Federal spending and Government operations, giving particular scrutiny to issues raised by the Federal Office of the Inspector General or the Comptroller General of the United States. Based upon these oversight efforts, the committees are directed to make recommendations to reduce wasteful Federal spending to promote deficit reduction and long-term fiscal responsibility. Such recommendations should be submitted to the House Committee on the Budget in the views and estimates reports prepared by committees as required under 301(d) of the Congressional Budget Act of 1974.

The Committee will continue its vigorous oversight efforts over the VA, the benefits we provide to veterans and the programs in place to serve them. The Committee is committed to working with the Administration to assist in efforts to transform the VA into a 21st Century organization that puts the needs of veterans first. As part of that effort we have pledged to look at programs and benefits for veterans anew and bring innovative ideas to the forefront.

The Committee will be working tirelessly to ensure that veterans receive the health care they deserve while we ensure that taxpayer dollars are used wisely and to their full extent; we will be looking at ways we can transform the manner in which VA provides benefits and services, and we will look at ways to make the VA more accountable for the unprecedented resources we have provided. The Committee has recommended funding levels above the Administration's request for the IG in order to assist the Committee in identifying instances where VA resources are not spent as efficiently as possible or are spent inappropriately.

SECTION 4—CHART
Views and Estimates—FY 2011 Budget of the Department of Veterans Affairs
March 5, 2010
(\$ in Thousands)

Discretionary Accounts	FY 2010	FY 2011 Administra- tion Request	FY 2011 <i>Independent Budget</i>¹	FY 2011 Committee Recom- mendation	Committee Recom- mendation vs. FY 2010	Committee Recom- mendation vs. Admin- istration's Request	Committee Recom- mendation vs. <i>Independent Budget</i>¹
Medical Services ¹	34,707,500	37,136,000	40,940,954	37,136,000	+2,428,500	0	- 3,804,954
Medical Support and Compliance	4,930,000	5,307,000	5,314,595	5,307,000	+377,000	0	- 7,595
Medical Facilities	4,859,000	5,740,000	5,706,507	5,961,000	+1,102,000	+221,000	+254,493
Total, Medical Care	44,496,500	48,183,000	51,962,056	48,404,000	+3,907,500	+221,000	- 3,558,056
<i>Medical Care Collections Fund (non-add)</i> ¹	<i>2,954,000</i>	<i>3,355,000</i>		<i>3,355,000</i>	<i>+401,000</i>	<i>0</i>	<i>+3,355,000</i>
Total, Medical Care with Collections (non-add)	47,450,500	51,538,000	51,962,056	51,759,000	+4,308,500	+221,000	- 203,056
Medical and Prosthetic Research	581,000	590,000	700,000	650,000	+69,000	+60,000	- 50,000
General Operating Expenses	2,086,707	2,611,973	2,339,364	2,629,973	+543,266	+18,000	+290,609
Information Technology Systems	3,307,000	3,307,000	3,552,884	3,307,000	0	0	- 245,884
National Cemetery Administration	250,000	250,504	274,500	250,504	+504	0	- 23,996

Office of Inspector General	109,000	109,367	112,020	121,367	+12,367	+12,000	+9,347
Construction, Major Projects	1,194,000	1,151,036	1,295,000	1,151,036	- 42,964	0	- 143,964
Construction, Minor Projects	703,000	467,700	785,000	632,700	- 70,300	+165,000	- 152,300
Grants for Construction of State Extended Care Facilities	100,000	85,000	275,000	175,000	+75,000	+90,000	- 100,000
Grants for Construction of State Veterans Cemeteries	46,000	46,000	51,000	51,000	+5,000	+5,000	0
Total, Departmental Administration	7,795,707	8,028,580	8,684,768	8,318,580	+522,873	+290,000	- 366,188
Other Discretionary²	166,103	164,738	170,482	164,738	- 1,365	0	- 5,744
Total, VA Discretionary	53,039,310	56,966,318	61,517,306	57,537,318	+4,498,008	+571,000	- 3,979,988
<i>Medical Care Collections Fund (MCCF)¹</i>	<i>2,954,000</i>	<i>3,355,000</i>	<i>0</i>	<i>3,355,000</i>	<i>+401,000</i>	<i>0</i>	<i>+3,355,000</i>
Total, VA Discretionary with MCCF collections	55,993,310	60,321,318	61,517,306	60,892,318	+4,899,008	+571,000	- 624,988

¹ The *Independent Budget* includes amounts attributable to medical care collections in its base funding level for the Medical Services Account.

² Other Discretionary includes the administrative expenses for the Veterans Housing Benefit Program Fund and the Vocational Rehabilitation Loan Program, as well as the Native American Veterans Housing Loan Program. In addition, it includes the program fund and credit subsidy totals for the Vocational Rehabilitation Loan Program and the Native American Veteran Housing Loan Program.

**ADDITIONAL VIEWS AND ESTIMATES, COMMITTEE ON
VETERANS' AFFAIRS, FISCAL YEAR 2011**

I support many of the recommendations of the House Committee on Veterans' Affairs Views and Estimates of the Fiscal Year 2011 budget. I am proud to be part of a committee that continues to push for the expansion of eligibility for access to care for our veterans, tackle the disability claims backlog, and improve veterans' education benefits.

Additionally, I would support the committee seeking additional major construction funds should Congress consider any additional supplemental, emergency, or economic recovery appropriations; the backlog of projects both partially funded and completely unfunded is too deep to fulfill the needs of our veterans for reasonable access to care. However, I believe the committee should have requested more funds for major construction for regular FY 2011 appropriations. In the administration's FY 2011 budget request, only \$73 million is requested for a list of 61 newly scored major construction projects totaling well over \$8 billion.

Too often, veterans in my district—and across the country—are forced to drive hours and hundreds of miles to seek the care they were promised in return for their service and sacrifice to our country. But veterans and their families are not alone in recognizing the need for expanded healthcare services in north central Indiana.

In September 2008, a Subcommittee on Health roundtable discussion was held in South Bend. Representatives from the subcommittee, the local VA, local veterans service organizations, and the community discussed access to care in the South Bend area, where the South Bend CBOC has more than 8,000 veterans enrolled and sees approximately 200 patients each day. Following this discussion, the Department of Veterans Affairs announced in April 2009 plans for a new healthcare center in South Bend, raising the hopes of thousands of Hoosier veterans and the community that the days of hours-long travel for healthcare would soon be over. I was pleased to see it listed on the VA's major construction list but disappointed that the administration did not request funds for FY 2011 construction.

On behalf of the veterans and communities of my district, I recommend additional funds for the major construction accounts in order to accelerate the building of these projects and to provide veterans like those in north central Indiana with the access to healthcare they deserve and have spent years waiting for.

JOE DONNELLY

REPUBLICAN LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, March 5, 2010.

Hon. JOHN SPRATT,
*Chairman, Committee on the Budget,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: Pursuant to section 301(d) of the Congressional Budget Act of 1974, House Rule X, clause 4(f), and Rule 7 of the Rules of the Committee on Veterans' Affairs, I herewith submit to the Committee on the Budget the Views and Estimates of the Republican Members of the Committee on Veterans' Affairs regarding the Administration's fiscal year (FY) 2011 budget request for the Department of Veterans Affairs (VA) with regard to programs and matters within the jurisdiction of the Committee.

The Republican Views and Estimates address the major areas of focus essential to fulfilling our Nation's commitment to veterans. Overall, the Republican Members generally agree with the President's FY 2011 budget proposal but believe additional funds are required in critical areas.

These areas include health care and benefits programs for wounded warriors, particularly for medical and prosthetic research programs, prosthetic services, and rehabilitation. We also strongly advocate a special emphasis on helping veterans qualify for and find meaningful employment during these difficult economic times, and on ensuring that veterans have access to VA health care regardless of where they live.

We look forward to working with our Committee's Majority Members as well as the Members of the Budget Committee to put forth a budget that will honor and enhance the lives of our Nation's veterans, as well as remain fiscally responsible to the American taxpayer.

Sincerely,

Steve Buyer, Ranking Republican Member; Cliff Stearns, Deputy Ranking Republican Member; Jerry Moran, Committee Member; Henry E. Brown, Jr., Ranking Republican Member, Subcommittee on Health; Jeff Miller, Committee Member; John Boozman, Ranking Republican Member, Subcommittee on Economic Opportunity; Brian P. Bilbray, Committee Member; Doug Lamborn, Ranking Republican Member, Subcommittee on Disability Assistance and Memorial Affairs; Gus M. Bilirakis, Committee Member; Vern Buchanan, Committee Member; David P. Roe, Ranking Republican Member, Subcommittee on Oversight and Investigations.

REPUBLICAN VIEWS AND ESTIMATES FOR FISCAL YEAR (FY) 2011

March 5, 2009

OVERVIEW

For veterans' healthcare and program costs in fiscal year (FY) 2011, the Administration has requested a total of \$125 billion. For discretionary spending, the Administration has requested \$60.3 billion, and for mandatory spending, the Administration has requested \$64.7 billion.

For veterans' program costs in FY 2011, Republican Members of the Committee on Veterans' Affairs recommend \$113.7 million above the Administration's request for discretionary spending, as follows: Compensation and Pension Training and Performance Support Systems, \$5 million; Compensation and Pension Skills Certification, \$10 million; Vocational Rehabilitation and Employment Service, 200 additional Full Time Equivalents (FTE), \$20.4 million; Training of State Veterans Employment Service staff at the National Veterans Training Institute, \$2 million; Veterans Training Program Veterans Employment and Training Service (VETS) Workforce Investment Program, \$11 million; National Cemeteries and Related Agencies National Shrine Commitment, \$10 million; Office of the Inspector General, 230 additional FTE, \$50 million; Department of Labor VETS program, 50 additional FTE, \$5.3 million.

For veterans' healthcare costs in FY 2011, Republican Members of the Committee on Veterans' Affairs recommend \$200 million above the Administration's request for discretionary spending, as follows: Veterans' Court, \$10 million; Medical and Prosthetic Research, \$50 million; Prosthetic Limb Program Modernization, \$20 million; Recreational Therapy, \$30.6 million; and Rural Health Initiative, \$89.4 million. These increases would be funded through a fee-basis care recovery program within the Veterans Health Administration (VHA) estimated to generate recoveries of at least \$200 million annually.

Finally, we recommend that \$2.3 billion be used from the Administration's \$100 billion jobs creation and economic recovery request to fund legislative initiatives to promote job readiness programs for veterans and a small business loan guarantee program for veterans.

In total, the Republican Members recommend an increase of \$2.66 billion in discretionary and mandatory spending above the Administration's request for veterans' healthcare and program costs, and for legislative initiatives in FY 2011.

DEPARTMENT OF VETERANS AFFAIRS

Veterans Benefits Administration

Compensation and Pension Service—The President's FY 2011 budget request for Compensation and Pension Service (C&P) seeks \$53.5 billion.

The President has proposed a budget that provides an additional \$460 million to fund 4,048 additional permanent FTE to process claims for benefits. Over 3,900 of those new employees are slated for the Compensation and Pension Service (C&P). Republican Members believe that an increase in Veterans Benefits Administration (VBA) personnel is in order, but allocating 97 percent to C&P does not meet the pressing needs also found in the Vocational Rehabilitation and Employment Service (VR&E) and the Education Service (ES). Therefore, Republican Members recommend an additional \$20.4 million to fund additional permanent FTE for VR&E and \$18.5 million for the ES.

It is important to note that according to VA, it takes at least 2 years for new C&P claims processors to become effective. However, the VR&E program hires highly credentialed staff who require little training beyond understanding the VA's paperwork program and are effective almost immediately. Similarly, the training period for education claims processors is measured in weeks rather than years and new ES staff are productive relatively soon after hiring.

Republican Members generally agree with the President's request for C&P, but recommend an additional \$5 million for Training and Performance Support Systems, and an additional \$10 million for skills certification required by P.L. 110-389.

Republican Members are deeply concerned about the growing size of the backlog of claims for VA disability compensation. The number of unresolved claims has soared over the past year. More than 400,000 new claims are now pending, with an additional 200,000 decisions being appealed. The numbers grew despite the nearly 4,000 additional employees VA has hired since 2007.

Additionally, VA recently established new regulations to make it easier for Vietnam veterans who were exposed to the Agent Orange herbicide to receive service-connected compensation. VA expects a significant increase in workload as a result of the regulatory change.

Republican Members believe a multifaceted approach is necessary for VA to overcome the challenges it faces. This approach includes a paradigm shift that involves placing a high level of priority on quality of work as well as quantity. To do so, VA must place greater emphasis on employee training and accountability.

We have long recognized the need for technological improvements in VA's business process, including the development of a paperless adjudication system. VA is striving to meet the requirements of the Veterans Disability Benefits Claims Modernization Act of 2008, which became part of P.L. 110-389. VA's efforts include creation of the Veterans Benefits Management System (VBMS) to replace its antiquated paper-driven process.

Vocational Rehabilitation and Employment (VR&E)—The President's budget proposes to reduce the VR&E staff by nine FTE. During the VA's Budget hearing testimony, the Department de-

scribed the decrease as an artifact of how personnel costs are allocated. The President's budget estimates a 10 percent increase in caseload over FY 2010 and an increase of 20 percent over FY 2009. With the President's budget proposal, VR&E staff levels would result in an average caseload of approximately 150 per counselor. At the same time, the number of disabled veterans returning home from the current conflicts is increasing. Therefore, Republican Members believe it is imperative to increase the number of VR&E staff to decrease the average caseload and shorten the time it takes to begin rehabilitation.

The VR&E program has five tracks ranging from immediate employment services to long term education and training. Regardless of the track, all veterans desiring to participate in the VR&E program must complete the phases that include application for the benefit, determination of eligibility, evaluation, and planning. According to VA, this process typically takes about 171 days to complete. During that time, a significant number of veterans withdraw from the program, many because of the need to work to support their families. By increasing the VR&E staff levels, the extended period of application and evaluation should be reduced, resulting in fewer dropouts and a higher rehabilitation rate.

Therefore, we agree with the authors of the *Independent Budget* that VR&E direct service staff levels should be increased by 200 FTE with a cost of approximately \$20.4 million. Republican Members recommend an additional \$20.4 million above the President's request to fund the recommended 200 additional FTE for the VR&E Service. Such an increase would reduce the average caseload to just over 100.

The President's budget also proposed about \$165.4 million for the existing state grant program to fund the Disabled Veterans Outreach Program Specialists (DVOPS) and Local Veterans Employment Representatives (LVER). DVOPS and LVER are state employment service staff whose mission is to provide intensive job placement services to disabled veterans and outreach to employers to promote hiring veterans in general. The President also proposed \$8 million to fund additional DVOPS and LVER to support the Transition Assistance Program (TAP). While Republican Members are supportive of providing these employment services to veterans, the Members believe this additional \$8 million should be used to provide TAP services at U.S. bases through contract. By using contract personnel, Republican Members believe the President's proposal will enable DVOPS and LVER to focus on providing direct employment services to veterans.

Education—VA's strategic goal is 26 days to adjudicate an original claim for education benefits. It currently takes 47 days.

To meet the influx of the new Post-9/11 GI Bill claims, VA increased ES staffing to 1,889 FTE in FY 2010 by hiring several hundred short term personnel. The President's budget proposes to reduce ES direct FTE from 1,889 to 1,521. That decrease reflects shifting some of the term employees hired to augment the permanent claims processing staffs to permanent employees. Most of the remaining term employees would be released to reflect implementation of a new information technology system to automate education claims processing.

However, Republican Members remain skeptical of the Department's ability to meet the proposed December 2010 implementation date for the new IT system. Therefore, Republican Members recommend reallocating \$18.5 million in General Operating Expenses funds from the President's budget to maintain the current mix of 1,889 permanent and term FTE employees for the entire FY 2011. Maintaining the current level of FTE should enable VA to meet the VA's strategic processing goals in case of a slip in IT delivery and to bridge the transition period from manual to automated processing.

National Cemeteries and Related Agencies

The President's FY 2011 budget request for the National Cemetery Administration (NCA) seeks \$251 million.

Republican Members generally concur with the President's request for NCA, but recommend an additional \$10 million be included to continue the National Shrine Commitment at NCA. This additional funding would ensure the highest possible standards for all of our veterans' final resting places, and would be used for infrastructure projects such as irrigation, renovation of historic structures, headstone cleansing, and road resurfacing.

Additionally, we recommend a comprehensive and independent study of the Federal veterans' cemeteries under the jurisdiction of the VA National Cemetery Administration, the American Battle Monuments Commission, the Department of the Army, and the Department of Interior. This study would identify areas for improvement to ensure a consistent, high standard is maintained for veterans' cemeteries. Republican Members are concerned that having four different agencies share this responsibility has led to four different standards of upkeep and appearance of veterans' cemeteries.

Veterans Health Administration

Medical Services—Republican Members recommend \$37.3 billion for medical services, which is \$200 million more than the Administration's request. Further, Republican Members recommend that VA conduct a recovery audit for outpatient medical services that we expect would provide additional resources of at least \$200 million. We expect that this recommendation would accommodate for health care inflation, estimated workload, and the following initiatives:

Rural Health Care—Republican Members are concerned that VA has not implemented section 403 of Public Law 110-387, which establishes a 3-year pilot program in five Veterans Integrated Service Networks (VISNs) for veterans in highly rural areas who elect to receive healthcare from non-VA healthcare providers. Therefore, we recommend an additional \$89.4 million to move forward with this important initiative.

Prosthetic Limb Program Modernization—We are encouraged by VA's intent to obligate an additional \$148 million to modernize VA's prosthetic limb program. However, Republican Members recommend an additional \$20 million because it is vitally important that VA be capable, system-

wide of meeting the needs of the younger and more active amputees with the latest technology and providing consistent and coordinated state-of-the-art care regardless of where the veteran amputee lives.

Mental Health Initiatives—We are also encouraged by VA’s intent to obligate an additional \$410 million or nine percent increase to support the implementation of the Mental Health Strategic Plan and the hiring of additional new mental health professionals to ensure all veterans have access to these vital services throughout the system.

Recreation Therapy Services—Republican Members recommend an increase in obligations for recreation therapy services of \$30.6 million. We are concerned that recreation therapy services are not consistently funded system-wide. Further, the budget does not identify obligations for such services. Therefore, Republican Members also recommend that VA provide a separate budget line item to track and account for the allocation of funds for recreation therapy services at each VA medical center.

Republican Members believe this is important because VA recreation therapy supports wellness programs and provides the first opportunity to engage veterans in sports as a part of their rehabilitation. The Congress recognized the value of sports in rehabilitation with the enactment of Public Law 110–389. This law requires VA to award grants through the United States Olympic Committee to grassroots organizations to plan, develop, manage, and implement an integrated adaptive sports program for disabled veterans and disabled members of the Armed Forces.

Veterans Justice Outreach (VJO) Program—Republican Members wholeheartedly support the VJO program VA launched in 2009 to work with local justice system partners to provide outreach and alternative treatment for justice-involved veterans, including Veterans’ courts, drug courts, and mental health courts. The budget request includes plans for 40 full-time VJO specialist positions. Republican Members recommend an additional \$10 million for funding 113 more full time specialist positions to accommodate full time positions in each VA medical center.

Medical Care Collections Fund—We are pleased with the progress VA has made in improving third-party collections. In FY 2009, VA exceeded the projection level. Additionally, Republican Members are encouraged and pleased with the Secretary’s decision to pursue a more aggressive timeline to consolidate their collection activities at seven Consolidated Patient Accounting Centers (CPAC).

Outpatient Audit and Recovery Program—The Office of Inspector General (IG) reported a net cost to the Department due to errors in the process VA uses for paying fee basis bills of \$865 million over 5 years. While VA currently employs a recovery audit for inpatient medical services, it has not yet used the authority Congress provided to conduct a recovery audit program for outpatient medical services. The current inpatient program has identified about

\$6.8 million in overpayments in 2009 and over \$109 million in the program to date. We recommend that VA conduct a similar audit and recovery program for outpatient medical services. Through such a program, we believe VA could identify overpayments of at least 10 to 15 percent of the total amount VA spends on the outpatient fee basis program, which exceeded \$2 billion in FY 2009. We estimate that VA would realize at least \$200 million in savings from this program.

Medical Facilities—Republican Members recommend \$5.74 billion for medical facilities consistent with the Administration request, which is \$881 million more than the enacted FY 2010 amount for this account.

Energy Initiatives—Republican Members place a high premium on advancing renewable energy projects at VA facilities. Savings from the use of alternative sources of energy results in additional resources for medical care for our veterans. We recommend at least \$325 million of this amount be obligated to implement planned energy initiatives and establish a long-term strategy for energy conservation and sustainability. VA has completed 29 feasibility studies to implement renewable energy projects at selected VA medical facilities. In FY 2010, VA expects to allocate about \$13 million to move forward with the procurement process on these projects. We expect that with the additional resources for FY 2011, VA will be able to fully fund all the identified projects.

Medical Support and Compliance—Republican Members recommend \$5.3 billion for Medical Support and Compliance, consistent with the Administration's request.

Medical and Prosthetic Research—Republican Members recognize the importance of medical and prosthetic research to ensure that our veterans are receiving the best possible in care, treatment, and medical practices. We recommend \$640 million in direct appropriations for medical and prosthetic research. This amount is \$50 million above the Administration's FY 2011 request and an increase of \$59 million more than the FY 2010 appropriation.

The signature injury of the War on Terror is traumatic brain injury (TBI). TBI can also be one of the most debilitating combat injuries, and every effort should be made to improve protective equipment such as helmets, which can substantially limit physiological damage sustained in combat.

Of particular interest in this regard is a new technology developed for race car drivers to measure G-force impact. We recommend VA direct funds in collaboration with the Department of Defense to conduct a series of similar tests and evaluations to improve combat helmets for servicemembers.

VHA Major Construction Projects—Republican Members recommend \$1.04 billion, consistent with the Administration's request for major medical construction projects. However, Republican Members are concerned with a shift in the priority and scope of a major medical facility project in Omaha, NE. In the VA FY 2010 budget submission, Omaha, NE, was described as "HVAC and clinical defi-

ciencies” with an estimated cost of \$256 million. In the FY 2011 Budget Submission, this project was elevated from the seventh to the number two priority without justification, and the scope of the project was changed to a replacement facility at a cost of \$560 million. Further, the budget request includes \$56 million for the design of the project. This project has been moved ahead of other FY2010 scored projects in Lexington, KY; Columbia, SC; Reno, NV; West Los Angeles, CA; Lebanon, PA, and Portland, OR. Therefore, Republican Members recommend that \$56 million be instead appropriated for the Lexington, KY campus realignment. Finally, Republican Members request \$36.8 million of advance planning and design funds be used to carry out section 804 of Public Law 109–461 for the design of a co-located joint-use medical facility in Charleston, SC.

VHA Minor Construction Projects—For FY 2011, Republican Members recommend \$387 million for minor construction costs to maintain and improve an aging VA infrastructure, consistent with the Administration’s request.

Advance Appropriations

The Administration’s request includes \$50.6 billion in advance appropriations for FY 2012, consistent with Public Law 111–81. The purpose of the advance appropriations is to ensure continuity of funding in the areas of Medical Services (\$39.6 billion requested), Medical Support and Compliance (\$5.5 billion requested), and Medical Facilities (\$5.4 billion requested).

Republican Members are concerned that the Administration’s request for advance appropriations for FY 2012 may not reflect the total resource amount projected by the Enrollee Health Care Projection Model. However, without having the ability to evaluate specific components of this advance appropriation request (Medical Care, long term care, CHAMPVA, Vet Centers, and State Home Per Diem), it is not possible to assess the sufficiency of the request.

The Government Accountability Office (GAO) is required by law to conduct a study of the adequacy and accuracy of the budget projection and report on whether the Administration’s advance appropriations request for VA health care funding is consistent with expenditures estimated under the Model. However, the GAO study will not be available prior to the submission of our Views and Estimates, and it remains to be determined if the Administration’s budget request is transparent for GAO assessments.

Office of Information and Technology

Republican Members believe that a top VA priority should be information technology (IT) systems that are standardized, integrated, and secure, function properly, and should be funded sufficiently. We commend VA Secretary Shinseki for his support of continuing the consolidation of the department’s IT infrastructure and funding. We are pleased with the top down review of all VA IT programs utilizing the Program Management Accountability System, which has put 45 VA IT projects on hold because they have not met deadlines or have failed to be delivered.

The FY 2010 appropriated amount for the Office of Information and Technology (OI&T) was \$3.307 billion. Republican Members concur with the FY 2011 Administration request of \$3.307 billion for the OI&T.

During testimony provided at the Oversight and Investigations Subcommittee hearing on February 23, 2010, VA indicated there is a carry-over amount from the FY 2009 appropriations of \$700 million for OI&T. Republican Members believe the procurement and implementation of currently available technology applications to identify and monitor when previously entered clinical documentation has been copied and pasted into another electronic patient record document within VHA's computerized medical record system (CPRS) should come from a portion of the FY 2009 carry-over account. This procurement would provide mandatory monitoring of the copy and paste functions within the CPRS system. This issue was brought to the Committee's attention in a number of Inspector General Combined Assessment Program (CAP) reviews of VA facilities.

Republican Members also recommend an additional amount of \$56.2 million to fund the development of the Purchased Care Claims Processing System and the Patient Accounting System for the automation of the fee-for-service program also to be procured out of the FY 2009 carry-over amount.

Office of the Inspector General

For FY 2010, Congress appropriated \$109 million for the VA Office of the Inspector General (OIG). The OIG is responsible for the audit, investigation, and inspection of all VA programs and operations. Funding from appropriations at \$109 million and 551 FTE provides resources to increase work on several oversight initiatives.

The President's request for FY 2011 remains at the FY 2010 appropriated level. While this was an increase from the appropriations from the FY 2009 level, Republican Members believe it still does not provide sufficient resources to allow the OIG to perform the amount of work consistent with the large agency for which it must provide oversight. Republican Members recommend adding \$50 million for the VA Office of Inspector General to provide an additional 230 FTE. The additional staffing resources would permit the OIG to perform much needed investigative and auditing work to include reduction of the Regional Office review cycle; appropriate oversight on the claims processes; more timely review of Outpatient Clinics, currently on a 20-year review cycle; and strengthening the OIG criminal investigations unit and their audit personnel. The additional resources would also allow new or increased oversight of the VA's homeless programs, elderly care programs, and non-VA care provided to veterans. This additional funding will allow the OIG to be more pro-active than reactive such as in the colonoscopy investigations.

The total funding for the OIG recommended by Republican Members is \$159 million, \$50 million above the Administration's request.

DEPARTMENT OF LABOR

Veterans' Employment and Training Service

The U.S. Department of Labor's Veterans' Employment and Training Service (VETS) manages programs intended to assist veterans seeking employment. For FY 2011, the President proposes \$262.5 million for VETS, an increase of \$6.4 million. The Homeless Veteran Reintegration Program (HVRP) will receive \$5 million of that increase. Overall, the Republican Members agree with the President's proposal but believe that the current economic climate requires additional funds to assist unemployed veterans.

Therefore, Republican Members recommend increasing funding for the basic infrastructure devoted to promoting veterans as ideal employees to businesses and providing the skills to qualify for good-paying jobs. To ensure that state employment service Disabled Veteran Outreach Program Specialists (DVOPS) and Local Veterans Employment Representatives (LVERs) are properly prepared to meet their statutory duties, Republican Members recommend an additional \$2 million to fund the training operations at the National Veterans Training Institute (NVTI). This increase should enable NVTI to meet the training requirements of Public Law 109-461.

Lastly, to improve Federal oversight of the DVOPS and LVERs, HVRP grantees, Veterans Workforce Investment Program (VWIP) grantees, and NVTI, Republican Members recommend an additional \$5.3 million to fund 50 additional Federal staff.

LEGISLATIVE INITIATIVES

The Administration's budget request for other budget functions included a \$100 billion jobs creation and economic recovery package. Republican Members believe it is critical that veterans be explicitly targeted in any jobs creation and economic recovery package.

Veterans Small Business Loan Guarantees—Veterans comprise about 3.5 million or 13 percent of the 27 million U.S. small businesses. VA previously operated a small business direct and guaranteed loan program that terminated in 1986. H.R. 294, the Veteran-Owned Small Business Promotion Act of 2009, would reauthorize the VA's small business loan guaranty program. Therefore, Republican Members recommend that not less than \$1 billion of the \$100 billion be applied to this legislative proposal to authorize VA and Small Business Administration loans to veteran-owned small businesses.

Veterans Job Readiness—On January 1, 2010, there were 968,000 unemployed veterans. Of that number, 685,000 were between the ages of 35 and 64—the years when most people experience the largest financial burdens. Unlike younger veterans, this is the age group that has either passed eligibility for VA education and training programs and who also may not be able to afford to pursue a long-term degree program to improve their marketability. Therefore, it is vital to provide funds for shorter-term training to provide skills relevant to today's job market.

To meet these job readiness needs, Republican Members also recommend \$700 million from the Administration's \$100 billion jobs creation and economic recovery request to fund the training proposed in H.R. 4220, the Promoting Jobs for Veterans Act of 2009. Of that amount, VA would receive an additional \$470 million in mandatory funds and \$210 million in discretionary funds. Further, of that amount the Department of Labor would receive \$20 million.

Further, we anticipate a legislative proposal that would authorize eligibility for most unemployed veterans between the ages of 35 and 60 eligible for up to 1 year of education or training under the Chapter 30 Montgomery GI Bill. The program would be effective from FY 2011 through FY 2013. The estimated cost for FY 2011 would be \$645 million, also to be funded from the Administration's \$100 billion jobs creation and economic recovery request.

